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ENQUIRY

INTO THE CAUSES OF THE

DEPRESSION OF TRADE

AND

AGRICULTURE.

CORRESPONDENCE

BETWEEN

MR. FREDERICK BLOOD

AND

THE RIGHT HON. JOHN BRIGHT, M.P.

BIRMINGHAM:

HENRY GUEST, PRINTER, 57, GREAT CHARLES STREET, AND SONG HILL,

1879.

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32, CHARLOTTE STREET,
BIRMINGHAM,

June 24th, 1879.

THE RIGHT HON. JOHN BRIGHT, M.P.

SIR,—A petition, signed by upwards of 25,000 persons in Birmingham and immediate neighbourhood in favour of Mr. MacIver's motion for an enquiry into the causes of the present depression of trade, is about to be presented to the House of Commons by Mr. Muntz, who has promised to support the prayer of the petition.

On behalf of the promoters and signers of this petition, I beg, Sir, to ask if you will vote in favour of the motion for an enquiry into the causes of the depressed state of trade.

If the present system of Free Trade is good, and is working for the good of the country, an enquiry into its operation will only show its truth and the good it is doing. All consistent adherents of Free Trade ought, therefore, to welcome the enquiry asked for. If the friends of Free Trade object to and oppose an enquiry, it will be thought that they take this course because they fear that Free Trade, as we now have it, will not bear a searching examination.

Large numbers of our people fear that Free Trade is not working for the good of the country. To decide this question it is desirable that an enquiry be made into the causes of the present depression of trade, so that if Free Trade is not the chief cause of our distress it may be freed from the imputations cast upon it, and the real causes made known.

The opponents of the present Government have often attributed our present position to the foreign policy of the Ministry. If an inquiry takes place, those who hold this view will have an opportunity of proving the truth of their assertion, if it is capable of proof.

I am, Sir, yours faithfully,

FREDERICK BLOOD.

Mr. Bright's Reply.

132, PICCADILLY, LONDON,

June 26th, 1879.

Dear Sir,—Mr. Chaplin is about to move for an enquiry by Royal Commission into the existing agricultural distress, and I do not see how or why such an enquiry should be granted without including in it a more general enquiry as to the present depression in other branches of industry. Some people still have faith in Parliamentary Committees and Royal Commissions on matters of this kind; I confess that I have none.

A few years ago we had a panic about the scarcity and price of coal, and a Parliamentary Committee sat upon it, and about it. The committee led to nothing. More recently we had a committee on the fall in the value of silver, and the enquiry led to nothing. Just now we have a committee on co-operative stores, and it will lead to

nothing, except to show generally the uselessness of such enquiries. If Mr. Chaplin gets his commission or committee it will lead to nothing, except to prove, that with free imports of corn, bad harvests are bad for farmers, and that the omnipotence of Parliament fails when it seeks to rule the seasons; and that, therefore Parliament cannot step in by legislation materially to mitigate the admitted sufferings of the farmers.

As to the present depression of trade, we owe some of it to the bad harvests, which have impoverished many farmers, who are not an inconsiderable portion of our home trade customers; we owe much of it to famines in India and China, and to the commercial and manufacturing distress which has prevailed in almost every country, and not least in those countries which have sought to secure themselves by high protective duties. If our harvest this year is unfavourable, I fear the recovery we all hope for will be delayed; if it is abundant, which seems not probable, we shall soon see, not symptoms only, but proofs of revival.

In the United States, with a great harvest last year, trade is reviving. We followed them in their depression, but not to so deep a depth, and we shall follow them in their recovery. These great changes are not in the power of congresses or parliaments; they are in the ordering of nature, and we must accept them, always endeavouring not to aggravate them by our own follies.

There is one great consolation in our present condition—the food of our people is cheap. But for the free imports the price of bread would be more than double, the price of sugar would be three times its present price, the price of cheese and bacon would be double, or nearly so; and of the price of labour it may be said that it would be much lessened by a greater prostration of every industry in the country, not immediately connected with the growth of food. The freedom of our imports will enable us to pass through the present time of depression with less suffering than at any former period of disastrous seasons.

As to Parliament and its enquiries, I have seen much of it and of them. If Parliament would keep out of foreign broils; if it would conduct the Government of the country at an expenditure of sixty millions, instead of eighty millions in the year; if it would devote its time and labours to questions of home interest rather than to those which involve the sacrifice of the blood and treasure of our people in remote lands, we might have hope and faith that Parliament could serve the nation in times of depression, and we should find that such times of suffering would visit us more rarely.

If any enquiry, such as you refer to, is granted, I hope it may do some good, if it only shows once more how useless such enquiries are. I need not tell you that the friends of Free Trade can have no objection to commission or committee, if the Government wishes to appoint one.

I am, respectfully yours,

JOHN BRIGHT.

MR. FREDERICK BLOOD,
32, Charlotte Street, BIRMINGHAM.

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Mr. Blood's Reply.

32, CHARLOTTE STREET,
BIRMINGHAM,

June 30th, 1879.

THE RIGHT HON. JOHN BRIGHT, M.P.

Sir,—Your favour of the 26th inst. reached me in due course. I beg to thank you for the same, but I must express my surprise that you should have sent your letter to the *Daily Post* without advising me of your intention to do so, and without sending with it a copy of my letter to which yours was a reply. You will excuse me saying that you might have waited for a post or two, to see if our correspondence was at an end before taking this hasty course.

By prematurely publishing your letter you may have snatched a momentary advantage, and if your cause needs such tactics, I am sorry that you should stoop to them.

My letter was to ask if you would vote for an enquiry into the causes of the existing depression of trade, and as a matter of course I did not go into the question of what is called "Free Trade." As you have done so, it is only fair that a few remarks be made in reply.

I gather from your letter that though you think an enquiry of no use, you will not actively oppose it. You admit the depression of trade, and the consequent distress of our people, and yet profess that an enquiry into the causes of this depression and distress would be useless, and a waste of time. One would have thought that common prudence alone, to say nothing of statesmanship, would demand a full enquiry into the causes of the existing depression, not only to provide a present remedy for our national distress, but to prevent its recurrence. If you, Sir, as a manufacturer, found something wrong with the machinery of your mills, your first step would be to enquire into the causes of the derangement, so that whatever had gone wrong might be put right. You would not be guilty of the imprudence of continuing to run machinery which was out of order without examination, so common sense, and sympathy with our suffering country, both impel us to demand an enquiry into the causes of the derangement of our trade, that whatever has produced this disastrous state of things may be made known, and removed if possible.

Your opinion that an enquiry into the causes of the depression of trade will come to nothing, would be more worthy of notice if former prophecies of yours had been fulfilled. I remember you and your party saying over and over again that when we got Free Trade there would be no more times of bad trade, there would always be plenty of employment, and good wages for working men. The present state of things flatly contradicts those predictions, and you are now obliged to admit that bad trade exists, though we have Free Trade. You now change your note, and resignedly inform us that these depressions are in the ordering of nature, which we must accept. So then the flooding with foreign manufactures of our Home Market, the Foreign hostile Tariffs, are in the ordering of nature, to which we must submit without appeal. In another part of your letter you assert that these visitations of nature, which are beyond the controul of

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Parliament, would affect us less often if Parliament would adopt your policy.

You acknowledge that our farmers are impoverished through bad seasons, would it not have been stating the case more fairly, if you had said that their poverty is also due to low prices caused by the unrestricted importation of Foreign corn?

You admit that the farmers are not an inconsiderable portion of our home-trade customers. Here again you have understated the case. The prosperity of our home trade depends chiefly upon the healthy condition of agriculture, and of those connected with it. My experience as a Factor tells me that as long as our Farmers are impoverished and distressed, we shall look in vain for an improvement in our home trade, and until our home trade does improve, our working men will not get profitable or even regular employment. I need not remind you, Sir, that our home trade is of vastly more importance and value than our export trade. In 1873, a time when our trade was much inflated, our total exports were just over 300 millions. In the same year, more than twenty times that sum passed through the Bankers' Clearing House. The sums going through the Clearing House represent only a portion of our home trade, but that part of it will give some idea of what the total amounts to.

You have often said that countries who adopt a protectionist policy cannot prosper, yet you admit that trade is reviving in protectionist America, while in "Free Trade" England it is getting worse: surely a little explanation is needed here.

The general progress and prosperity of the United States contradicts and disproves your assertion, that protection hinders and prevents prosperity. The United States have gone triumphantly through trials and troubles, which England, with her present policy, could not sustain. They have passed through a terrible and exhausting war; they have liberated their slaves; paid off a large portion of their National Debt; and redeemed a greatly depreciated currency, and having passed through all this, you have now to admit that they are still more prosperous than England, that their trade is better; yet, if your opinion of the effects of protection is correct, England ought to be prosperous, and the United States the reverse. The fact that the United States under protection are better off than England under free trade shews the necessity of an enquiry into the causes of our present disastrous position. The marvellous growth and prosperity of the United States, under her present policy, is so great that a prominent Statesman of your own party lately predicted for her a very grand and glorious career, and while picturing her as advancing in the future, he described England as having passed her meridian, and as a declining power falling behind her protectionist rival.

All who will may see that countries like the United States and France not only prosper under protection, but can easily bear calamities which would crush England as long as she keeps to her present policy. We are hard put to it to raise our ordinary revenue, and you acknowledge that our national expenditure is more than we can well endure, and say if England is to prosper her taxation must be greatly reduced.

I will not now stop to enquire why your party when in power did not confine the national expenditure to your 60 millions, but suppose, Sir, that your policy is acted upon, what effect would it have upon the existing depression of trade and distress? We want something to improve our trade, and find work for our starving people without delay. Will your policy prevent low-priced continental manufacturers from flooding our home market, and underselling our manufacturers, not only robbing us of our trade but reducing our prices and wages till our people cannot live by their labour? Will your policy reduce the hostile tariffs of those who bring their goods in here free, so that we could sell in their markets? Will it give our farmers better prices? If your policy will not do this, it is a waste of time and a mockery to our distressed working men to recommend it as a remedy for our present sad condition.

I am much surprised that you venture to assert "that but for the free import system, the price of bread would be more than double, the price of sugar three times the present price, and the prices of cheese and bacon double or nearly so." You do not give the slightest proof of the truth of these extravagant statements, and only those who entertain a very low opinion of the common sense and intelligence of our countrymen, would expect them to accept such wild assertions without proof or examination. The fact that the average price of bread before 1846, was little or no higher than since that time, is conclusive evidence of the falsity of your first assertion. To persist in asserting or insinuating that bread was double the present price before the time of free trade, and that the same high prices will come again if we abandon our free import system, reveals an infirmity of mind and a power of assertion which all lovers of truth and fairness will regret to see.

No doubt when England depended only upon home-grown corn, in bad seasons the price of bread sometimes rose very high, and caused much distress, but whether the free import policy continues or not, those times of dear bread can never come again. At the times I allude to it took months to inform corn growers abroad of our wants, and months more to supply the food needed. Then we had no sub-marine telegraphs, no swift ocean posts, to tell corn-growing nations that corn was going up in England. There were then no railways to bring corn from the interior of foreign countries to the seaports, no steamships to convey the grain to England, and no steam mills to grind it. We have all these good things now, and to them we owe it that our bread and other foods are cheap. Without them free trade could not keep the prices of bread and other foods at their present level. To talk therefore of bread ever being double the present price, is to suppose a most improbable case, but to have resort to such cases shows how hard driven free traders are to justify what they call "Free Trade."

Suppose a duty of 10 per cent. is laid upon foreign (not colonial) corn—and no one asks for more—this at the most would increase the price of the four-pound loaf about one half-penny. The Americans, however, would not willingly lose our good ready money market, and would bring in their corn cheaper, and so bread would be but a shade dearer—if at all dearer—than now. The duty paid

by the importers of foreign wheat would be a valuable addition to our revenue, it could be mostly applied to abolishing the malt tax, and easing the burdens of the farmers. The doing away with the malt tax would bring down the price of beer, much more than the duty upon corn increased the price of bread. The farmer being better off would have money to spend upon our manufactures, this would benefit all classes, and trade would rapidly improve. If in addition a similar duty was laid upon foreign manufactures, this would keep the trade in the country, and give employment to our now half-starved working classes.

As to the price of sugar being three times its present price, if it were not for our free imports system. When your party was in office, Sir, sugar was subject to an import duty, and until the present Government came into office it was not admitted free. So much for your assertion about sugar, which is even more extravagant than your assertion about corn. So with cheese and bacon. No doubt there is cheap cheese and bacon which you may think good enough for working men, but which you would not care to admit to your own table.

Speaking of sugar, I remember when England, to discourage slavery, imposed an extra duty upon slave-grown sugar, you, Sir, and your party took off this extra duty and admitted the slave produce upon the same terms as free-grown sugar. As slave grown sugar could be made cheaper than free-labour sugar, the effect of this step was to encourage the slave-sugar trade and slavery, and to discourage and destroy the free-grown sugar trade. Our West Indian Colonies never have recovered the blow; and instead of being prosperous and good markets for our manufacturers, they are mostly in a state of ruin and decay. What a picture this is of Liberal Statesmen! Professed haters of slavery, for the sake of a little cheapness, encouraging slavery, and ruining a free industry.

I notice, Sir, that you do not claim that meat is cheaper under our free import system, than before; your silence upon this point is very edifying.

I note also, that you only employ the words "Free Trade" once in your letter, you use instead the term "Free Import System." Is this an acknowledgement that we have no real "Free Trade," that ours is only a free import system? If so, I must congratulate you upon your candour.

If we had real free trade we should have more reason to be satisfied, but a free import system, such as we now have, is so one-sided, that it must become unendurable before long.

But even this system is not applied fairly and equally. Tea and coffee--necessaries in a working man's family—are heavily taxed, whilst silks, gloves, jewellery and other luxuries of the rich are admitted free of duty.

The working man's tobacco is subject to a very heavy duty, while the cigars of the wealthier classes pay a much less duty.

The farmer is exposed to the competition of the whole world, and the barley he grows, when malted, is subjected to a heavy and vexatious excise duty, in absolute defiance of the first principles of real free trade. The malt duty and Brewer's Licenses increase the price of beer, while foreign wines are very lightly taxed.

We wisely restrict the hours of labour in the textile trades to 56½ per week, and then unjustly and unwisely subject these trades to the unlimited competition of foreigners who work their mills from 72 to 84 hours per week.

The hours of labour on the Continent are so long and the wages so low, that the condition of Continental workmen generally is much inferior to that of our English workmen. But if our market is to be flooded with the cheap goods of the Continent, either Continental manufacturers will appropriate our trade, and deprive our workmen of employment, or our prices and wages will have to come down to the continental level, and our working classes submit to excessive hours of labour. Already wages are so low that our workmen cannot live in comfort, and there is a universal movement throughout the country to force wages down still lower and increase the hours of labour. This will go on if our free import system continues until our prices and wages are down to the level of those on the Continent. When this takes place, how are our working classes to live? You will say bread is cheap. This may be, but English workmen work to live, not live to work, and they need something more than cheap bread.

By unrestricted foreign competition corn may be so cheapened as to ruin the native grower. Manufactures may be so cheapened as to ruin the manufacturer and the workman. Who will benefit when all our industrial classes suffer? One cannot be ruined and the rest benefit by it. All are in the same boat, and what injures one class inflicts like sufferings on the others. You will say the consumers gain by cheapness, but who, pray, are our chief consumers but the industrial classes, manufacturing and agricultural? These are producers before they can be consumers, and if you take away their producing power by low wages or cheapness, you prevent their becoming consumers, and low wages, the consequence of cheapness, are really a curse instead of a blessing.

Our working men have a right to live by their labour, and to earn sufficient wages to keep themselves and families in comfort, and to lay by a little for times of sickness and old age. Is it possible, Sir, for them to earn such wages if our home-market is open to the unrestricted competition of the cheap labour, long hours, and low prices of the Continent? If they cannot earn sufficient wages under the present free import system, I ask you, Sir, as one who professes to be a friend of the people, what is to be done? Are we to continue the system which reduces the condition of the working classes, and deprives them of the just rights of labour?

Let me remind you, Sir, that we do not carry this free import system into practice here. In Birmingham, our liberal and free trade municipal governors, headed by our junior M.P., tax all goods coming into our market, for the benefit of the town at large. It is ludicrous to see the advocates of the free import system abandoning their free trade principles, and practising the opposite in our local markets when they find it pays to do so.

I am, Sir, yours faithfully, FREDERICK BLOOD.

P.S.—As you have made *your letter* public, I shall follow the same course, and will publish the whole correspondence.





